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# THE DEMAND AND PRICE SITUATION

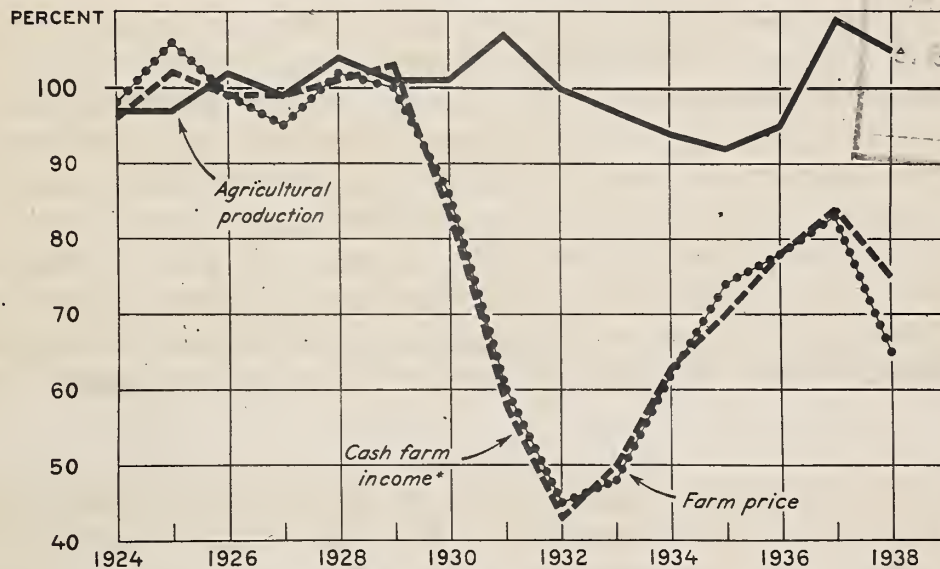
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

APRIL 15, 1939

## AGRICULTURAL PRODUCTION, CASH FARM INCOME, AND FARM PRICE, UNITED STATES, 1924-38

INDEX NUMBERS (1924-29=100)



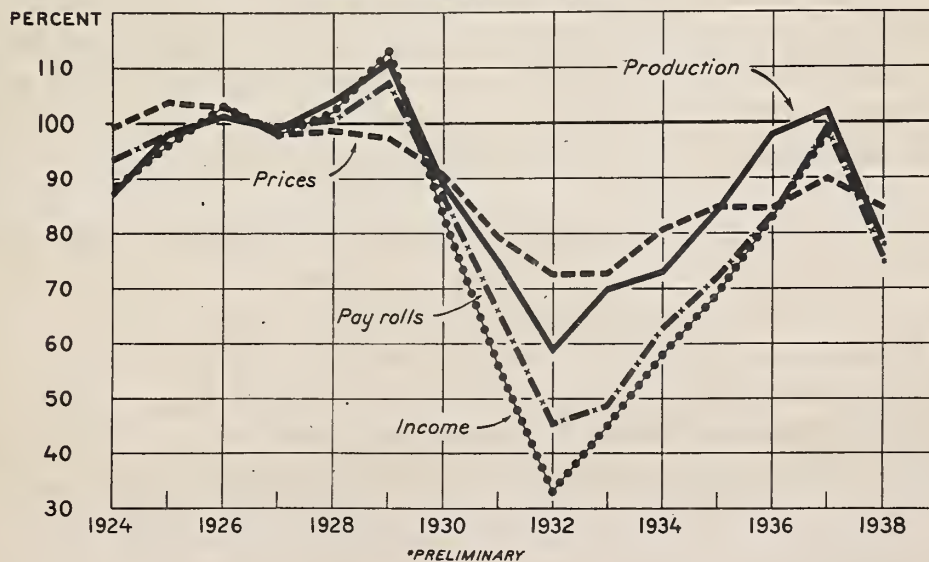
U. S. DEPARTMENT OF AGRICULTURE

NEG 35094

BUREAU OF AGRICULTURAL ECONOMICS

## MANUFACTURES: INDUSTRIAL PRODUCTION, WHOLESALE PRICES OF FINISHED PRODUCTS, INCOME, AND FACTORY PAY ROLLS, UNITED STATES, 1924-38

INDEX NUMBERS (1924-29=100)



U. S. DEPARTMENT OF AGRICULTURE

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CHANGES IN CASH FARM INCOME ARE THE RESULT OF CHANGES IN BOTH PRICES RECEIVED AND QUANTITIES SOLD. PRICES, HOWEVER, FLUCTUATE MUCH MORE THAN PRODUCTION OR MARKETINGS, AND FARM INCOME AS A WHOLE TENDS TO FOLLOW CHANGES IN PRICES. WHEN GENERAL DEMAND CONDITIONS ARE UNFAVORABLE, MANUFACTURERS CONTRACT PRODUCTION, THUS CHECKING THE DECLINE IN PRICES OF FINISHED PRODUCTS (CONTRAST WITH AGRICULTURE IN CHART ABOVE). THE REDUCED OUTPUT OF INDUSTRIAL GOODS IS ACCOMPANIED BY DRASTIC REDUCTIONS IN PAYROLLS, WITH THE PUBLIC ASSUMING RESPONSIBILITY FOR CARE OF THE UNEMPLOYED. NEVERTHELESS, THE REDUCTION IN PRODUCTION AND PRICES OF INDUSTRIAL PRODUCTS IN 1929-32 RESULTED IN AN EVEN GREATER PERCENTAGE DECLINE IN INCOME FROM MANUFACTURES THAN IN FARM INCOME.



## DOMESTIC DEMAND

Little change has occurred during the past month in general business activity and other conditions affecting the current domestic demand for farm products. But a number of events which occurred may have an important bearing on demand conditions during the remainder of the year. The most outstanding of these were the further tenseness in the political situation in Europe and the sharp declines in stock prices to the lowest point since June 1938. These two developments have led to apprehension that there will be no improvement in business this year, and even that another severe recession may be in the making.

Aside from European uncertainties and the drop in stock prices, however, there is little in the business situation to cause any particular alarm. Preliminary evidence indicates there was little change in the general level of business activity in March, after allowing for seasonal factors, following a moderate recession in January and February. Retail sales have been generally favorable. Most of the specific lines of industrial production have been moving in line with general expectations as discussed in previous issues of this report. Textile mill activity has been well maintained, and changes in most of the other non-durable goods industries in recent weeks have been seasonal in character. No immediate additional improvement in most of these lines of business had been expected.

Contracts for residential construction in March were the largest in value for any month since October 1929. Contracts for all classes of building in March showed a gain of 32 percent over a year earlier, but were only 11 percent higher than in February, representing a somewhat less than usual seasonal increase. For the first 3 months of this year, all construction contracts were the greatest in 8 years and were 44 percent ahead of the comparable 1938 period. Residential contracts were the largest in 10 years, and 83 percent above the first quarter of 1938. A continued high level of residential building construction this season is indicated by the fact that the volume of home mortgages accepted for appraisal by the Federal Housing Administration increased to record high levels in March. The large volume of publicly financed construction projects recorded in the last part of 1938 will require many months for actual completion. Thus, the outlook still is for an active building industry this spring and summer.

The two principal lines of industrial activity which have not come up to expectations in recent weeks are automobiles and steel. Automobile assemblies increased over February, but the expansion was smaller than usual. Since dealers' new car stocks in relation to sales are considerably larger than usual, a vigorous upturn in retail sales will be necessary if automobile production is to make the usual seasonal upturn. Retail sales of automobiles were disappointing during most of March, although they picked up some during the last week of the month.

It is becoming apparent, also, that the automobile companies had much larger inventories of steel on hand than had been thought. New steel buying from this source, which had been expected for March and April, has not yet appeared in any volume. Some reports have been received to the effect that supplies of steel on



hand may enable automobile manufacturers to carry through the 1939-model season with relatively small additional purchases. In considerable part as a result of the failure of new automotive buying, steel output in March failed to increase seasonally. With the non-durable goods industries already operating at high rates, and building construction going about as well as could be expected, a principal reason for expecting a moderately better than seasonal improvement in industrial activity during the spring has been the anticipated increase in steel production. Such an increase now seems much less likely than it did a month or two ago.

A drop in stock prices as severe as that which has occurred during the past month sometimes has preceded important declines in industrial activity. The fall in security prices no doubt reflects in some degree the disappointment of the financial community over the failure of business to improve as early and as much as many overly-optimistic security traders obviously had expected. A correction based solely on these circumstances might have been relatively small, and would not have pointed to any change in the major outlook for industrial conditions during the year. Fears of a European war seem to have been largely responsible for the extreme severity of the decline which has occurred. Regardless of causes or justification, however, it is probable that the decline in stock prices, together with war uncertainties, will cause many business men to postpone commitments and extend the present hand-to-mouth buying policy, and may affect retail sales of durable consumers' goods such as automobiles and houses.

These developments and uncertainties tend to reduce, but do not eliminate, the possibility of some improvements in business by summer. More important, they may seriously interfere with business men's plans for future capital expenditures, and therefore affect industrial activity in the latter part of 1939 and in 1940, which depends so much upon the resumption of business spending. The actual outcome depends largely upon how long the fears and uncertainties continue.

Despite the developments which have been described, the best appraisal which can now be made of the outlook for domestic demand differs only slightly from that given in the past several issues of this report. The anticipated moderate spring-summer improvement will be delayed, and possibly even prevented altogether, but prospects still are for a year of relative stability in domestic demand conditions if there is no general European war.

#### FOREIGN DEMAND

European territorial changes and diplomatic crises during the past month have made the outlook for foreign demand for United States agricultural products completely uncertain. Thus far these developments have not reversed the favorable signs which had begun to appear a month ago, but they have prevented any further improvement.

The pound sterling remained stable from the middle of March through the first week in April at slightly over \$4.68. While this represented a drop of almost a cent from its level of the second week in March, it is well above January quotations. The index of business activity in the United Kingdom again advanced during February, although the rise was not so great as during the preceding month. Business confidence seemed to be holding up fairly well in spite of the crises.



The French government is continuing with some success its efforts to restore business activity. During early March a new decree reduced registration charges on mortgages on new buildings from 4.35 to 1.65 percent and cancelled certain real estate taxes in an effort to accelerate the revival in building activity. The industrial picture as a whole, however, remains "spotty".

Some other indicators have shown relatively unfavorable movements. The Canadian index of the physical volume of business again dropped sharply during February, although the further decline in industrial production was slight. Commodity prices in Canada are at a 5-year low.

#### WHOLESALE PRICES

The general level of wholesale prices in late March and early April continued to decline a little. The Bureau of Labor Statistics index of wholesale prices in early April was 76 percent of the 1926 average, equivalent to 111 percent of the 1910-14 average, - the lowest since December 1934. Indexes of wholesale prices of farm products and of foods declined sharply in the first week of April. Milk prices in particular were lower in Chicago and New York.

Prices fell so slowly in the last 12 months the price level continued, week by week, at approximately 78 percent of the 1926 average for a period of 6 months, and then at 77 percent for the next 5 months, before dropping in early April to 76 percent.

Prices of farm products, foods, fuel and lighting materials, and house-furnishing goods have declined farthest from their price levels of April 1938, although all other groups of commodities are also either lower than a year earlier or at the same level. Prices of some smaller commodity groups, such as grains and cereal products, are now sharply below their levels of a year earlier. Prices of finished goods, with which the Bureau of Labor Statistics index of wholesale prices is heavily weighted, have declined farther than prices of raw materials in the last year.

Although wholesale prices of both farm and nonagricultural products have declined somewhat, prices of some industrial raw materials are substantially higher than a year ago. The Annalist index of cyclical raw-material prices (which includes steel scrap, zinc, lead, hides, cotton, rubber, copper, and lumber) has been practically unchanged for the last 4 months.

Usually prices of raw materials - particularly cyclical raw materials - both on advances and declines begin to move earlier than commodity prices in general. Similarly, in most cyclical downswings in the last 60 years, prices of raw materials began to decline ahead of general business activity. On upswings, however, this sequence was reversed; prices of raw materials usually lagging behind general business activity. Occasionally a considerable interval elapsed between the expansion in general business activity and the rise in cyclical raw-material prices. This lag reflects the excessive supplies of raw materials on hand at the start of most business upturns.

The ratio of prices of farm products to prices of nonagricultural products at wholesale for the week ended April 8 was 77 percent of the pre-war level, compared with 80 for the corresponding week a year earlier.

The combined index of wholesale prices in 9 foreign countries that have a considerable influence on the foreign demand for our farm products has been practically unchanged since October, at 86 percent of the 1924-29 level. In fact, so narrow has been the range that for the last 2 years the composite index has fluctuated within the limits of 85 and 89 percent of the 1924-29 average. Prices in many foreign countries, however, have not shown a corresponding stability. Prices in some countries continue to decline, whereas in France, Italy, and Japan prices have been rising rapidly.

#### PRICES RECEIVED AND PAID BY FARMERS

Market prices indicate that the general level of prices received by farmers in mid-April is slightly lower than in mid-March. Small price declines have been fairly general, with some weakness in prices of hogs, beef cattle, calves, and wool. Some pickup has occurred in prices of sheep and lambs.

The general level of prices received by farmers in mid-March was 91 percent of the pre-war average, compared with 92 in February and 96 in March 1938. Declines in prices of dairy products, eggs, and a few miscellaneous commodities, particularly tobacco, more than offset price increases of some fruit and truck crops.

Prices paid by farmers for commodities has been unchanged since December, at 120 percent of the 1910-14 average. The present level is 5 points below the average for March 1938. The March index of prices paid by farmers for feed was 89 percent of the 1910-14 average, compared with 86 in December and 99 in March 1938. The ratio of prices received to prices paid by farmers was 76 percent of pre-war in March, compared with 77 percent both one month and one year earlier.

#### FARM INCOME

Income from farm marketings in March was larger than in February, whereas the usual trend of income is downward from February through March and April. The increase in income was due primarily to larger returns from marketings of livestock and livestock products. Receipts from sales of all livestock products except dairy were larger in March.

Income from farm marketings in April will probably be about the same as in March instead of making the usual seasonal decline. Most of the usual decline from March to April is caused by the sharp falling off in marketings of cotton, tobacco and grains. This decline took place



earlier than usual this year, and except for corn, income from these commodities was much lower than usual in March. Loans on corn were larger in March than in February and resulted in increased income from corn in March instead of the usual seasonal decline. A considerable volume of corn loans is now being completed and April income from loans will probably be nearly as large as in March.

#### WHEAT

Wheat prices continued steady during the greater part of the past month, and then, from April 6 to 8, advanced about 1-1/2 cents a bushel, reflecting the unsettled European situation. The course of wheat prices during the next few months will be influenced principally by political developments in Europe and prospects for the 1939 crop. Since the first of the year, domestic wheat prices have declined slightly. Foreign prices during this period have gone down more rapidly than domestic prices, and the price of No. 2 Hard Winter wheat at Kansas City was 13 cents above the preliminary price of Liverpool parcels for March, as compared with 9 cents above during January, and 28 cents below last July, the first month of the present marketing year. Relatively high domestic prices are largely the result of the operation of the domestic loan and export programs. The continuation of these programs and a smaller 1939 domestic crop probably would cause domestic prices to continue relatively higher than world prices in 1939-40.

The 1939 winter wheat crop is indicated, as of April 1, at 549 million bushels, or 64 million bushels larger than that indicated last December. This, together with average yields on the prospective planted acreage of spring wheat, would produce a total wheat crop of about 750 million bushels, 180 million bushels smaller than last year. A crop of this size would be about 65 million bushels above the domestic disappearance in the 10-year period 1928-37, and about 50 million bushels above the 1937-38 domestic disappearance. If the carry-over on July 1 next is about 275 million bushels, with production as indicated above, the total supply would again exceed 1 billion bushels, but this would be about 60 million bushels smaller than the 1933-39 supply. Unless exports are much smaller in 1939-40 than in the present marketing year, the total carry-over on July 1, 1940, may be reduced somewhat from the prospective large carry-over on July 1, 1939.

Winter wheat acreage in 20 foreign countries, for which estimates have been received, is about 2 percent above that of last year. In 14 European countries, the acreage was about the same as that of a year ago. If conditions are no better than average from now on, the 1939 European crop may, however, be somewhat smaller than that of 1938, since conditions during the last 6 weeks of the 1938 growing season were unusually favorable. The condition of the winter wheat crop is reported to be generally good in Italy, Spain, and the Danube Basin countries. In France, Belgium, the Netherlands, and western Germany, conditions have been somewhat less favorable.



## COTTON

During the past month domestic cotton mill activity again continued high, exports of American cotton continued exceptionally low, and stocks of "free" American cotton were further reduced. Spot prices of American declined considerably but remained unusually high relative to new-crop futures and relative to spot prices of foreign cottons.

Domestic mill consumption in March of 649 thousand bales was about one-fourth larger than in March last year and, with the exception of 1937, the largest for the month in 12 years. Total consumption from August through March of 4,600,000 bales was nearly one-sixth larger than in the first 8 months of last season. With the exception of 1936-37, it was the largest for the period since 1928-29. Mill activity apparently showed comparatively little change during the first week of April, even though manufacturers' sales of unfinished cotton cloth were reported as comparatively small, as were such sales in each of the three preceding weeks.

Exports of American cotton in March of 330 thousand running bales were nearly one-fourth less than a year earlier and the second smallest for March since 1924. They were larger, however, than exports in January or February, even though there is usually a seasonal decline from January to March. For the 8 months ended March 1939, total domestic exports of 2,786,000 bales were 40 percent less than a year earlier and the smallest for the period since 1881-82. Should exports in the last 4 months of the current season be 75 percent as large as a year earlier, the 12-month total would be about 3,500,000 bales, compared with a total of 5,600,000 bales last season, and an average of nearly 7,000,000 bales in the preceding 10 years.

There was apparently some improvement in cotton textile sales and activity in England and France during the early part of March. Nevertheless, foreign consumption of American cotton during the first 8 months of the current season was about one-sixth less than a year earlier and the smallest for the period in 20 years. Foreign mills continued to use relatively large quantities of foreign cotton - probably one-fourth more than the 10-year average for the like period - but slightly less than in last season or the season before.

Following March 10 when the average price of Middling 7/8 inch in the 10 designated markets, of 8.80 cents per pound, reached a new high for the season, domestic prices declined considerably and on April 12 averaged 8.32 cents. The latter quotation was the lowest since the middle of December. Unsettled political conditions in Europe, weakness in security prices in domestic markets, and uncertainties as to the 1939 Government cotton program appear to have been factors contributing to the price decline, despite the exceptionally small stocks of "free" American cotton. As of April 1 stocks of such cotton were two-fifths less than a year earlier and the second smallest for the period since 1924.



## CORN AND OTHER FEED GRAINS

The weekly average cash prices of corn and oats were practically unchanged during the past month, while barley prices declined slightly. During the next few months, prospects for the 1939 feed grain crops and the condition of farm pastures and forage crops probably will be the dominant price influencing factors. Unless a referendum is held and farmers oppose marketing quotas, loans will be available on 1939 corn. If supplies are large for the 1939-40 marketing year, the loan program may have a greater influence in supporting prices than in 1938-39, since a larger participation in the 1939 program is in prospect.

The total disappearance of corn and oats from October 1 to March 31 was estimated at 46.1 million tons compared with 44.3 million tons in this same period of 1937-38 and 49.6 million tons in this period of 1929-33. The combined stocks of these two grains on April 1 totaled 41.7 million tons compared with 31.4 million tons in the period 1929-33. April 1 stocks of these two grains per animal unit were slightly larger than on this date last year, and about 44 percent more than on this date of the period 1929-33.

Total stocks of corn on April 1 were 134 million bushels larger than on that date last year. While the quantity of corn that will be fed to livestock during the period April through September this year is expected to be larger than in the like period of 1938, exports are expected to be much smaller than the 95 million bushels of corn exported in this period of 1938. It appears probable from these indications that the carry-over of corn at the beginning of the 1939-40 marketing year will exceed 400 million bushels, and will be the largest in more than 15 years.

Corn exports have declined sharply in recent months and in February totaled less than 3 million bushels as compared with about 16 million bushels in February last year. Weather conditions are reported favorable for the harvesting of the Argentine crop, and corn from this crop has now started to enter commercial channels. No official estimates have been made as to the size of the Argentine crop. Latest reports indicate it will be somewhat larger than the 1938 crop, but considerably below average.

## HOGS

The seasonal increase in hog marketings now in progress probably will continue into June, and supplies in the next 3 or 4 months probably will be considerably larger than a year earlier. The extent of the seasonal reduction in marketings after midsummer will depend partly upon the number of sows retained for fall farrow and also upon whether a large number of spring pigs reach market weights and finish by August, as was the case last year.

Prices of hogs declined during March and early April as marketings increased. The weekly average price of butcher hogs at Chicago dropped from \$8.05 in late February to about \$7.10 the first week in April. In early April last year the weekly average price of butcher hogs at Chicago was about \$8.60. Inspected hog slaughter in March, totaling 3,229,000 head, was about 300,000 head larger than in February and about 600,000 head greater than in March 1938.



The ratio of hog prices to corn prices has been much above average for 18 consecutive months. Except for a period of 22 months in 1921 and 1922, the past year and a half is the longest period in which the ratio has continued so high during the last 35 years, at least. In 1921 and 1922, when hog prices were high in relation to corn prices, a marked increase in hog production got underway. Inspected hog slaughter increased about 35 percent from 1921 through 1923. The increase of about 15 percent in the 1938 pig crop over that of 1937 and the prospective large increase in the 1939 spring pig crop indicates that the increase in hog production from 1937 through 1940 may be as large as that which occurred from 1921 through 1923.

#### BEEF CATTLE

Slaughter of cattle and calves is expected to continue below that of a year earlier during most of 1939, while the demand for meats probably will remain stronger than a year earlier. Marketings of grain-fed cattle and hogs, however, are expected to increase seasonally during the next few months and are likely to be larger during the remainder of the year than in the corresponding period of 1938. The number of cattle on feed for market in the Corn Belt on April 1 was reported to be 13 percent larger than a year earlier. But as a result of the abundant supplies and low prices of feeds, and of the relatively high prices of slaughter cattle, there has been a tendency to increase cattle herds by withholding cows and heifers from slaughter. Inspected cattle slaughter from January through March totaled 7 percent less than a year earlier, with most of the reduction taking place in breeding stock. Calf slaughter also was smaller than a year ago.

Prices of all grades of cattle advanced in early March, lost most of the gain during the second half of the month, but advanced again in early April. For the week ended April 8, the average price of good grade slaughter steers at Chicago was \$10.52 per 100 pounds, slightly lower than a month earlier, but about \$2 higher than a year earlier. The average price of good grade slaughter cows was \$7.60, 25 cents higher than a month earlier, and nearly \$1 higher than a year earlier. Prices of stocker and feeder steers at Kansas City in early April were about \$1.70 higher than a year earlier.

Weekly receipts of cattle at seven important markets declined in early March, but increased fairly sharply during the latter part of the month. The number of cattle slaughtered under Federal inspection in March totaled 774,000 head, 19 percent more than in February, but 4 percent less than in March 1938.

#### LAMBS

Slaughter supplies of new crop lambs in the next 2 months are expected to be considerably smaller than those of a year earlier. Development of the early lamb crop during March was below average for the country as a whole. Because of the shortage of green feed, a large proportion of the early lambs in California and Texas will not reach slaughter weights this spring, and will be sold as feeders. In other early lambing areas, the condition of lambs about April 1 was better than in California and Texas, but was not so good as the very favorable condition reported last spring.



Prices of fed lambs advanced during late March and early April to the highest level reached thus far in the current fed lamb marketing season. For the first week in April the top price of fed woolled lambs at Chicago was \$10.10, and the average price of good and choice slaughter lambs at Chicago for the same week was \$9.60, compared with about \$8.95 a month earlier and \$8.15 a year earlier. The first eastern shipments of spring lambs from California and Arizona were made in late March. The weekly average price of good grade spring lambs at Kansas City in late March was about \$10.40 compared with about \$8.90 a year earlier.

Inspected slaughter of sheep and lambs in March, totaling 1,473,000 head, was about 8 percent larger than in February and about 3 percent greater than in March last year. March was the first month thus far in the current fed lamb marketing season (December - April) in which slaughter was larger than a year earlier.

The number of lambs remaining on feed in Colorado and western Nebraska on April 1 was reported to be larger than a year earlier. As the number on feed in this area at the beginning of the year was smaller than a year earlier, the larger number on April 1 reflects the later market movement this year than last. But marketings of new crop lambs and yearlings in April and in succeeding months will represent an increasing proportion of the slaughter supply of sheep and lambs.

#### WOOL

Some irregularity in domestic prices of wool was reported during the past month, but the wool situation in this country for the new marketing season is somewhat more favorable than a year earlier. Favorable factors include the smaller carry-over of wool into the new season, the extension of the Federal loan program to the 1939 clip, prospects for a much higher rate of mill consumption through the first half of 1939 than in 1938, and the recent firmness in wool prices in foreign markets.

Sales of spot wool at Boston were small in March, and prices on most graded lines declined from 2 to 4 cents per pound, scoured basis, during the month. Mixed lots of early shorn  $3/8$  and  $1/4$  blood fleece wools were sold in late March for about 27 cents per pound, grease basis, which was about 2 cents per pound higher than prices of similar wools a year earlier.

The rate of mill consumption of apparel wool in the United States in February was slightly higher than in January and was almost twice that of February last year. With the possibility of further improvement in consumer demand and with stocks of wool manufactures in trade channels indicated to be relatively small, mill consumption of wool is likely to be fairly well maintained in the remainder of 1939. But the weekly rate of consumption for the year may average somewhat lower than that of the first quarter.

The spread between domestic and foreign prices in recent months has been sufficiently great to attract larger imports of wool into this country, and imports of apparel wool in the first 2 months of 1939 were considerably larger than a year earlier.



Barring unusual developments in foreign consuming countries in the next few months, it appears that the carry-over of wool into the new Southern Hemisphere selling season in September will be much smaller than a year earlier and probably will be about average. Supplies in most foreign importing countries, except Japan, are larger than a year earlier. But mill consumption of wool has increased in foreign countries in recent months.

#### BUTTER

Butter prices declined about 4 cents per pound in the second week of March when it was announced that the Federal Surplus Commodities Corporation was to discontinue for the time being purchases of butter on the open market. About half of this decline was recovered during the 3rd and 4th weeks of March. Since then, however, the trend in butter prices has been downward and at the end of the first week in April were at about the same level as in mid-March. The decline since the later part of March has been primarily a seasonal decline. By mid-May most of the seasonal decline in prices is usually over.

Butter production in February was about 8 percent larger than a year ago and the largest for the month in 6 years. Since last September butter production has shown only about the usual seasonal changes, but has averaged about 30 percent above the 1925-29 average. It seems probable that this relatively high level of production will continue, unless pasture conditions should be especially unfavorable.

During the 10 months from May 1938 to February 1939, when the purchase programs of the Dairy Products Marketing Association and the Federal Surplus Commodities Corporation supported butter prices at about 26 cents for 92 score butter at New York, the price of butterfat in relation to feed grains was somewhat above the average for the 15-year period 1920-34. Butterfat prices declined in relation to feed since the purchase program ceased, and in March were about 11 percent below average in relation to feed grains. This was a more favorable relationship for dairy producers, however, than existed in 1935, 1936 and 1937. The change in butterfat prices in relation to feeds has not greatly altered the prospects for dairy production, especially during the pasture season.

In February apparent consumption of creamery butter was 14 percent larger than a year earlier. This increase, however, was due primarily to the distribution of butter for relief. Trade output through regular commercial channels was only 4 percent larger than a year earlier. The retail price of butter in February was 12 percent less than a year earlier. Estimated consumer expenditures for butter were 9 percent less than in February 1938, and the lowest for the month since 1934.

Distribution of butter for relief averaged about 11 million pounds per month during the past winter, December through February. Total stocks of butter in the hands of governmental and relief agencies on April 1 were about 72 million pounds. If the rate of distribution for relief during the past winter is maintained, these stocks would last about 7 months.



## POULTRY AND EGGS

Market supplies of both eggs and poultry will probably continue larger than a year ago during the spring and early summer months and poultry marketings will probably continue larger throughout the year. Feed continues plentiful and relatively low in price but if yields this year are near the 1923-32 average, feed supplies per grain-consuming animal in 1939-40 may be smaller than in 1938-39.

Egg production on April 1 was at its highest level since 1930, largely as a result of the increased layings per hen. The aggregate egg production per farm flock from January to April was 4 percent larger than for the same months in 1938 and was the largest on record. It is expected that the aggregate egg production per flock from March to June will be from 1 to 5 percent above last year for these months because of the larger size of farm flocks on March 1.

Farm holdings of young chickens on April 1 were about 4 percent larger than last year and the highest for this date since 1927. Poultry producers have indicated that they intend to purchase about 8 percent more hatchery chicks in 1939 than they bought in 1938. The expected heavier hatch in 1939, together with larger numbers of chickens now on hand and larger storage stocks of frozen poultry, indicate larger supplies of poultry available for consumption throughout the remainder of 1939 than in the corresponding months last year.

The farm price of chickens on March 15 of 14.3 cents per pound was fractionally higher than in the preceding 2 months but the increase so far this year has been less than the average seasonal amount. For the past several months prices have been almost 2 cents per pound below prices in the same month last year. Egg prices received by farmers dropped slightly from February 15 to March 15 but the decrease was less than seasonal. The price of 16 cents per dozen was about the same as last year on March 15. Egg prices usually are relatively stable during the spring and early summer.

## FRUITS

Market prices of fruit crops generally have shown only minor changes during March. Prices of apples in eastern markets, particularly of eastern varieties, advanced seasonally. Auction prices of California lemons declined to the lowest level of the season to date from a relatively high level reached a month ago. Prices of other citrus fruits averaged about the same as a month earlier.

Unfavorable weather conditions delayed the marketing of Louisiana strawberries and resulted in a sharp advance in market prices of this fruit. During the first 3 weeks of March strawberry prices at market centers advanced from 11 to 17 cents per pint, but declined to around 10 cents per pint during the week ended April 8. Shipments increased sharply in the last week of March and first week of April and it is expected that market supplies of strawberries will be unusually heavy during most of April and May. Production in the second early group of States is indicated to be 3,665,000 crates or nearly one-third larger than the comparatively small crop produced in these States last year.

Cold storage holdings of apples on April 1 totaled 9,134,000 bushels or 24 percent less than a year earlier. They indicate that 6.1 million bushels were moved out of storage during March or about equal to the average March out of storage movement for the last 5 years.



Only minor changes occurred in the prospect for citrus crops during March. Supplies for the spring and summer months are likely to be unusually large.

### POTATOES

Prices of old stock potatoes at New York City advanced from an average of \$1.47 to \$1.85 per 100 pound sack during March and the first week of April, while those at Chicago advanced from \$1.30 to \$1.54 and then declined to \$1.45. Prices of new stock advanced from \$3.74 to \$4.04 at New York City and from \$3.90 to \$4.52 at Chicago during the month. During the first week of April new potato prices continued to advance at New York City to \$4.26 but declined at Chicago to \$4.41. These advances are attributed largely to smaller marketings and the prospects for somewhat smaller supplies of new potatoes this season.

The early crop in North Florida and the lower Valley area of Texas combined is indicated to total 1,970,000 bushels this season compared with 5,090,000 bushels last year. Early reports of acreages planted in the second section of early States and the second early States indicate slight increases over last year but because of unfavorable growing conditions it is probable that yields per acre will be lower than in 1938. If only average yields are obtained, production in these two areas combined would be about 17 percent less than last year.

Carlot shipments of both old and new potatoes for the week ended April 8 totaled 4,178 cars compared with 5,100 cars, the corresponding week last year. Present prospects indicate that the total carlot movement of potatoes for April and May probably will be unusually small.

### TRUCK CROPS

Total acreage planted and intended for planting to commercial truck crops for market as reported to date has reached 1,114,820 acres, as compared with 1,106,670 acres to this time in 1938. Acreage already planted by April 1 was 784,450 acres, 19,000 above plantings of 765,730 acres to April 1, 1938. If this year's acreage continues ahead of that of last year, 1939 plantings for fresh market will be the maximum on record.

Yields, however, have averaged slightly below those of 1938 for the winter and early spring crops, resulting in combined tonnage of all commercial truck crops 2.5 percent below 1938, in spite of increased acreage.

Market prices of lima beans, new cabbage, celery, endive, escarole, peppers, and tomatoes, are substantially higher than a month ago, while asparagus, green and wax snap beans, broccoli, cauliflower, cucumbers, eggplant, Iceberg lettuce and squash are sharply lower. Other vegetables showed only minor price changes.

Intended acreage of 3 of the 4 major truck crops for processing was sharply down from 1938, snap beans showing a reduction of 30 percent and sweet corn 26 percent as of April 1, and green peas reporting 16 percent reduction as of March 1. Prospective carry-in of canned stocks of these vegetables, however, indicate adequate supplies for the 1939-40 marketing season. Acreage intentions for tomatoes will be reported later this month. A substantial carry-in of tomatoes is also in prospect.

Both supplies and shipments of quick frozen vegetables continue to be more than double those of last year.

Business statistics relating to the demand for farm products, specified periods

Year and month	: Nation- : al : income	: Nonagri- : cultural : income	: Indus- : trial : pro- : duction	: Build- : ing : con- : tracts	: Factory: : employ- : ment	: Income : of : trial : workers	: Foreign: : indus- : trial : production	: All : commod- : ity : prices	: Retail: : food : prices	: Prices : re- : ceived : by : farmers	: Prices : paid : to : farmers	: Ratio of : prices : received : to : prices : paid
Base period--	1929	1924-29	1925-25	1923-25	1923-25	1924-25	1923-25	1910-14	1913	1910-14	1910-14	1910-14
1929	100	108	119	117	106	107	136	139	166	146	153	95
1930	93	101	96	92	92	88	124	126	158	126	145	87
1931	80	88	81	63	78	67	111	107	130	87	124	70
1932	63	69	64	28	66	46	97	95	108	65	107	61
1933	58	64	76	25	73	49	107	96	105	70	109	64
1934	66	73	79	32	86	61	116	109	117	90	123	73
1935	71	78	90	37	91	69	124	117	127	108	125	86
1936	82	90	105	55	98	80	132	118	130	114	124	92
1937	88	96	110	59	106	94	144	126	135	121	130	93
1938	82	90	86	64	87	72	141	115	125	95	122	78
1938- Jan.	84	91	80	52	88	74	141	118	127	102	126	81
Feb.	83	90	79	51	88	72	142	116	124	97	126	77
Mar.	83	90	79	46	88	71	142	116	125	96	125	77
Apr.	81	90	77	52	86	69	140	115	126	94	125	75
May	80	88	76	51	83	68	141	114	125	92	125	74
June	81	87	77	54	82	67	141	114	127	92	124	74
July	81	88	83	59	82	69	135	115	127	95	123	77
Aug.	82	89	88	66	86	72	135	114	124	92	122	75
Sept.	82	90	91	78	89	75	141	114	125	95	121	79
Oct.	82	90	96	82	90	76	143	113	124	95	121	79
Nov.	84	92	103	96	90	78	146	113	123	94	121	78
Dec.	84	95	104	96	91	80	142	112	125	96	120	80
1939- Jan. 11/	84	92	101	86	90	79	142	112	123	94	120	78
Feb. 11/	84	92	98	71	91	78		112	122	92	120	77
Mar. 11/								112	121	91	120	76

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NOTES:

- 1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100. (Monthly adjusted for seasonal variation). Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties, direct relief disbursements, adjusted service payments to veterans (soldiers' bonus) and benefit payments under the Social Security program. Monthly index described in Survey of Current Business, October 1938. Revised October 1938.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Veteran bonus payments are included in 1931 and 1936 but are insignificant in other years. Nonagricultural income, without bonus payments, is 86 for 1931 and 88 for 1936. Revised November 1938.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment. Revised September 1938.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees. Revised October 1938.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics 1910-14 = 100.
- 11/ Preliminary.

